

Office of the Racing Integrity Commissioner

Annual Report

2011
2012



Office of the
Racing Integrity
Commissioner



The Hon. Dr Denis Naphine MP
Minister for Racing
121 Exhibition Street
Melbourne VIC 3000

Dear Minister

I am pleased to present to you the Annual Report of the Office of the Racing Integrity Commissioner for the year ending 30 June 2012 for presentation to Parliament, in accordance with section 37F(1) of the *Racing Act 1958*.

This report documents the performance of my functions, exercise of my powers and integrity related issues determined to be in the public interest.

Yours sincerely

SAL PERNA
Racing Integrity Commissioner

Commissioner's Message



Welcome to the 2011-12 Annual Report, covering our second full year of operations.

Our second year could be described as one of consolidation and fine tuning. It builds on our first year, which established an Office of the Racing Integrity Commissioner; enhanced the integrity systems and processes of the three racing controlling bodies; took a leadership role on key issues; and continued to enhance public confidence in the integrity of Victorian racing.

Having created an office capable of fulfilling the functions outlined by legislation (*Racing Act 1958*) in the first year, the challenge was to take our activities to the next level and add value to the work undertaken by the controlling bodies – Racing Victoria Limited (RVL), Harness Racing Victoria (HRV) and Greyhound Racing Victoria (GRV) – while establishing a leadership role and ensuring that current and emerging issues are being identified and addressed.

In developing our annual business plan we identified 26 major projects and 155 activities targeting the key areas of investigation, audit and review; capability development; education and awareness; and corporate management. In addition, we developed an ancillary annual plan with 73 activities that address projects from the previous year which now require ongoing management. Examples of these are stakeholder engagement and coordination; drug analysis and funding; complaint and investigation management; and maintenance of the Racing Integrity Hotline.

This year's report details the above work. Of particular note is the Own Motion Inquiry into betting by racing officials, the first time an inquiry of this kind has been conducted. An examination of the betting activities of 165 racing officials across the three codes identified that 13 had breached racing rules or policies, resulting in five dismissals, seven first and final warnings and one resignation. On a positive note, we detected no instances of crime or corruption and, most importantly, there were no indications that any race had been compromised.

Also pleasing were the results of our first public survey, which showed that those who attended race meetings or placed a bet had a heightened awareness of my position and, more significantly, those who were aware of my role were people who had confidence in integrity in racing. This confirmed that my office is serving its purpose. Of key interest was the finding that 28 per cent of those surveyed were aware of the Racing Integrity Commissioner position, a basis we will endeavour to improve on in our third year.

Another key achievement was the introduction of a Single Code of Practice, a set of minimum standards for integrity in the racing industry. This will be the first time a set of cross-code integrity standards has been developed in Victoria and is a testament to the strong partnership between this office and the three racing bodies.

Another first was the undertaking of a roadshow providing opportunities to meet with both racing industry participants and the general public through a series of presentations in regional and metropolitan venues. The presentations created awareness of my role and functions of the office and provided a forum for discussion of integrity matters affecting the racing industry. The roadshow was designed to complement our extensive stakeholder engagement and familiarisation program, which resulted in meeting with 728 people from 223 organisations or agencies and undertaking 43 visits to a wide range of racing operations.

In the pursuit of incorporating integrity into the culture of racing participants, presentations are now also included in all apprentice jockey and steward training programs coordinated through RVL and in conjunction with Ballarat University. In addition, we made 29 presentations to almost 700 persons representing a wide range of stakeholders.

Continuing our leadership approach to training, we conducted another suite of training modules for stewards and integrity services staff employed by RVL, HRV and GRV. These will be supplemented by two new modules to be introduced in the coming year.

Two major reviews were conducted during the year. The first was a review of the 3,500 rules of racing across all three codes. In an unprecedented approach, every rule was assessed to determine the potential for alignment across the codes. The second review was of the racing appeals and disciplinary model that has been in place since March 2010. Our review, which invited submissions from the racing industry and key stakeholders, assessed the efficiency and effectiveness of the current system consisting of a Racing Appeals and Disciplinary Board (RADB) in each code, together with the Victorian Civil and Administrative Tribunal hearing appeals arising from RADB.

This year has been one of building on our first full year of operations and drawing on our growing knowledge and understanding of the racing industry in this state to address major integrity challenges. Our current audit into drug control is critical. This year's compliance audit targets two key integrity systems and processes – the identification of whether the controlling bodies are adhering to their own drug sampling policies and procedures and the processes concerning barrier or box redraws.

Racing bodies throughout the world strive to stay ahead of new and different prohibited substances. An effective drug control regime based heavily on random sampling, both during competition and out of competition testing, is a key tool in addressing these challenges.

We continue to establish relationships with key stakeholders, keeping abreast of developments regarding corruption in sport generally and in the racing industry, both locally and internationally, to ensure we take a lead role in meeting current and emerging risks. Establishing forums for the Integrity Sub-Committees of each code, membership of the newly established National Racing Advisory Group and participation in Victoria Police Corruption in Sport symposiums are all good examples.

Information exchange with law enforcement bodies continues to be a major challenge. The change of legislation to allow the Australian Crime Commission to disclose information to my office and the racing industry is heralded as a major step. The creation of a dedicated intelligence role within Victoria Police is another step in the right direction. These changes will bring the racing industry and law enforcement together to address issues of criminality.

The year's achievements, outlined in detail in this Annual Report, reflect the dedication, energy, enthusiasm and hard work of my staff, a handful of people who often go unnoticed and whom I wish to publicly recognise and thank.

I also wish to acknowledge the support and assistance provided by the Victorian Government, particularly the Minister for Racing and the Department of Justice's Office of Liquor, Gaming and Racing.

Vital to the success of this role is the relationship with RVL, HRV and GRV. I would like to thank their Boards, senior management and staff, and in particular the stewards and integrity personnel, for their assistance and cooperation in developing robust integrity systems and processes in this state.

Finally, I acknowledge the support and assistance from the racing participants, who are all passionate – either for their sport or their animals – and who make up an industry vital to the economic health of Victoria.

I am honoured to have been reappointed for a second two year term and look forward to delivering the results of our efforts in contributing to a racing industry free of crime and corruption, built on public confidence.



SAL PERNA
Racing Integrity Commissioner

Overview of the Office of the Racing Integrity Commissioner

The Office of the Racing Integrity Commissioner (the office) is established under the *Racing Act 1958*. The Racing Integrity Commissioner (Commissioner) is an independent statutory officer with oversight of integrity issues within the Victorian Racing Industry.

The inaugural Racing Integrity Commissioner, Mr Sal Perna, was first appointed by the Governor in Council on 1 March 2010 for a two year term and reappointed for a further two year term in 2012.

Our Vision

A Victorian Racing Industry in which Thoroughbreds, Standardbreds and Greyhounds compete to the best of their natural ability, free from the influence of crime and corruption.

Our Mission

To promote the highest standards of integrity assurance in the Victorian Racing Industry.

Our Strategic Objectives

- Enhance public confidence in the integrity of Victorian racing
- Develop leadership in racing integrity assurance
- Enhance existing racing integrity assurance processes and systems

Our Values

Integrity

We will be accountable, fair and transparent.

Independence

We will act impartially, without fear or favour.

Leadership

We are committed to being at the forefront of integrity assurance.

Professionalism

We are dedicated to achieving excellence.

Engagement

We will develop successful partnerships built on trust.

Our Values

Integrity

Independence

Leadership

Professionalism

Engagement

Functions of the Racing Integrity Commissioner

The Racing Act provides for the Racing Integrity Commissioner to perform various functions. These functions are to:

- conduct annual audits of the internal integrity processes and systems, in whole or in part, of each controlling body; Racing Victoria Limited (RVL), Harness Racing Victoria (HRV) and Greyhound Racing Victoria (GRV), in areas identified:
 - by the Racing Integrity Commissioner; or
 - by the Racing Integrity Commissioner in consultation with each controlling body;
- conduct audits outside the subject matter of an annual audit at the request of a controlling body;
- investigate complaints made about the integrity processes and systems of a controlling body;
- refer complaints about the integrity processes and systems of a controlling body to:
 - if the complaint relates to a criminal matter, Victoria Police;
 - if the complaint relates to an alleged or apparent contravention of the rules of a controlling body, the relevant controlling body;
 - if the complaint relates to an alleged or apparent contravention of the *Gambling Regulation Act 2003*, to the Victorian Commission for Gambling and Liquor Regulation (VCGLR);
 - if the complaint relates to an alleged or apparent contravention of any Act or subordinate instrument in connection with the integrity of racing, the relevant government agency; or
 - if the complaint relates to an internal integrity matter, the Integrity Sub-Committee of the Board of the relevant controlling body;
- investigate matters referred by the Minister or a controlling body;
- report the findings of any investigations conducted into complaints that have not been referred to other bodies to:
 - the person who made the complaint; and
 - with or without identifying the person who made the complaint or the person who is subject of the complaint, the Minister or the relevant controlling body (as the Racing Integrity Commissioner considers appropriate);

- conduct own motion inquiries that do not relate to any specific complaint and may include an investigation into systemic issues in racing;
- make recommendations (if appropriate) following the investigation of any complaint, inquiry or matter to (as the Racing Integrity Commissioner considers appropriate):
 - the Minister; or
 - the relevant controlling body;
- direct a Racing Appeals and Disciplinary Board (RADB) to hear and determine an appeal made by a person against a penalty imposed on the person under the rules of a controlling body if:
 - the penalty imposed is a fine of not more than \$250; and
 - the Racing Integrity Commissioner considers that it is in the public interest for the appeal to be heard;
- perform any other functions conferred on the Racing Integrity Commissioner under the Racing Act.

The Commissioner may advise the Minister of any failure by a controlling body to implement or act on a recommendation made if:

- before advising the Minister, the Commissioner notifies the controlling body of his intention to advise the Minister of such failure to implement or act on a recommendation; and
- the Commissioner advises the controlling body that they may, within 14 days of receiving the notification, respond in writing to the Commissioner in respect of that notification, such response to be provided to the Minister by the Commissioner.

In carrying out these functions, the Commissioner also works to:

- provide advice on integrity across the three codes and the racing industry;
- liaise with the racing industry regarding policies and practices relating to integrity;
- facilitate the exchange of information and strengthen relations between the controlling bodies and other agencies as appropriate.

Part A Year in Review

- Stakeholder Engagement
- Education and Awareness
- Investigation, Audit and Review
- Information and Intelligence Management

Achievements Against Key Focus Areas

Stakeholder Engagement

Continuing a major focus on stakeholder engagement, the office again undertook an industry familiarisation and stakeholder program in 2011-12, meeting with a total of 728 people from 223 organisations.

These interactions included formal discussions and meetings, site and operational visits, and attendance at race meetings of all three codes at metropolitan and regional venues.

A key component of this year's program was presentations to both the racing industry and the general public. Twenty-nine presentations were made to a total of 698 attendees including Victoria Police, sporting clubs, stewards, apprentice jockeys, racing clubs, industry bodies and the general public.

To gain insight into the complexities of the racing industry and ensure the maintenance of good working relationships with stakeholders, staff undertook a total of 43 operational visits, including 13 race meetings, four RADB hearings, eight visits to wagering service providers and five visits to Racing Analytical Services Limited (RASL).

Stakeholder Survey

An independent Stakeholder Survey is undertaken each year. Survey results are a key component of annual work plans and are used, among other things, to develop and refine the office's business plan.

In 2012, 44 stakeholders were surveyed, representing all key stakeholder groups involved in the racing industry. People surveyed included representatives of senior management of the three controlling bodies, Integrity Sub-Committees and integrity staff.

Conducted in March, the survey rated the office against key performance indicators previously established for the office and results were compared to 2011 survey results.

Results of the 2012 survey show that performance ratings were maintained over the 12 month period. There was continued support for the work the Commissioner is undertaking, including:

- drug control;
- the establishment of best practice integrity processes; and
- building stronger relationships between the controlling bodies and Victoria Police.

One area highlighted for improvement was the need to increase awareness of the work undertaken by the office to ensure better visibility of work plans and specific achievements.

Initiatives identified as valued by stakeholders included a continued leadership role by the Commissioner in the provision and development of training programs for integrity personnel and stewards; helping identify the best possible approach to the appeals process; and continuing to push for improved police involvement with investigations. As these initiatives are already underway, the research confirmed that the work being undertaken by the office is in line with industry needs.

Of interest was the number of stakeholders who raised the issue of whether integrity personnel of the three racing codes should operate independently of their controlling bodies, separating the integrity roles from the commercial side of their organisations. This issue will be considered by the Commissioner in the coming year. In line with previous surveys, there remains a belief expressed by some that integrity matters should be left to the industry to manage, free from oversight.

Relationship Development

Building relationships with a variety of stakeholders external to the racing industry – such as government agencies, wagering service providers and law enforcement agencies – is a critical part of the Commissioner's work.

A continuous improvement approach is adopted by the Commissioner, seeking opportunities to improve matters such as the exchange of information. For example, following discussions with the Commissioner, the Australian Crime Commission amended the *Commonwealth Crimes Legislation Amendment (Powers and Offences) Act 2012* to provide for information sharing with both the Commissioner and the Victorian Racing Industry. Consequently, information is now being disclosed to the Commissioner by the Australian Crime Commission.

Other agencies that have partnered with the Commissioner and the office in the past year include the Australian Customs and Border Protection Agency (Customs), the Australian Pesticides and Veterinary Medicines Authority (APVMA) and Victoria Police.

The involvement of Victoria Police in matters affecting the integrity of racing has been a key focus for the Commissioner in the past 12 months. The relationship between law enforcement and racing is vital to addressing crime and corruption from both a proactive and reactive approach. Working with the Commissioner, Victoria Police has been taking positive steps to address the issue of crime and corruption in sport generally as well as in the racing industry. This includes the appointment of a dedicated intelligence resource and the establishment of a Specialist Corruption in Sport Community of Practice within Victoria Police.

Section 37E of the Racing Act specifies certain bodies to which information may be disclosed by the Commissioner. While this list of agencies is not exhaustive and other legislative provisions are available to permit the Commissioner to disclose integrity related information to other agencies, three additional bodies were specified by the Minister for Racing by Order published in the *Victoria Government Gazette* on 21 June 2012. These agencies are Customs, the Therapeutic Goods Administration and the APVMA.

“In my view, the RIC has seen the door open and co-operation follow between the racing industry and law enforcement agencies.”

Partnerships

The Commissioner continued to chair the Racing Integrity Operations Committee (RIOC) in the 2011-12 period. Comprising the Chairman of Stewards and Integrity Manager of each controlling body, and staff from the Commissioner's office, the RIOC met 10 times throughout the year to discuss and address current and emerging issues. The RIOC provides a collegiate approach where members can benefit from each other's experiences and approaches to integrity matters while cementing productive and effective working relationships.

In 2012 the Commissioner also established the Integrity Sub-Committee Forum to allow the Integrity Sub-Committees to discuss and exchange ideas across the codes. The first forum was held in February 2012 and the Chairmen of the Integrity Sub-Committees from the three controlling bodies attended, together with the Independent Members of the Integrity Sub-Committees from each body. The forum will continue be held on a needs basis, when the Commissioner or members determine that an integrity matter would benefit from discussion across the codes at a Board level.

Education and Awareness

Inaugural Public Survey

In early 2012, the office commissioned an inaugural public survey to establish the levels of public confidence regarding integrity in Victorian racing.

As one of the roles of the Commissioner is ensuring that the public maintains confidence in the integrity of racing, this survey was an opportunity to gauge community attitudes about racing and integrity to assist in planning communication strategies and projects.

Newspoll conducted a survey of a random sample of 902 Victorian respondents, aged 18 years or over, as part of their regular omnibus surveys. Respondents were asked four questions relating to their attendance at the races, their wagering activity, confidence in the integrity of racing and awareness of the Commissioner.

Reassuringly, given the relatively short time that the office has been operating, the results showed that over half of respondents were confident that racing is run with integrity and 28 per cent are aware of the Commissioner. Of key significance was the strong correlation between being aware of the Commissioner and confidence in the industry. Similarly, respondents who had attended a race meeting in Victoria, or placed a bet on racing in the previous year, had confidence in the integrity of racing and were aware of the Commissioner.

Enhancing public confidence in the integrity of Victorian racing is one of the strategic objectives of the office and these results reinforced that projects such as the stakeholder engagement program and roadshow presentations which increase awareness of the Commissioner are vital, as they lead to increasing public confidence in the integrity of the racing industry.

Case Study

The use of prohibited drugs in racing is a key focus area.

Part of the strategy in combating this is the bringing together of various agencies that have specific responsibilities or charters regarding drug control.

In September 2011 the office received information that an imported prohibited substance was being used in the racing industry. The Commissioner coordinated an initial briefing of key stakeholders, including the three racing bodies, APVMA, RASL and Victoria Police. Specific responsibilities were allocated to each agency and progress reports provided at regular intervals.

Other agencies engaged during this investigation included Customs, Therapeutic Goods Administration, Australian Sports Anti-Doping Authority, Veterinary Practitioners Registration Board of Victoria and Victorian Department of Primary Industries.

While no positive swabs of the nominated substance were detected, the targeted testing regime did identify the use of other prohibited substances and highlighted the importance of cooperation between lead agencies.

This multi-jurisdictional approach has continued in relation to other synthetically based and imported prohibited substances alleged to have been used across the three racing codes.

Roadshow Presentations

Between March and June 2012 the Commissioner undertook a roadshow throughout Victoria, presenting at nine regional and two metropolitan venues.

The presentations were initiated to provide both the racing industry and the general public with an awareness of the role and responsibilities of the Commissioner; the work the office has undertaken in its first two years; and an overview of the activities and plans in place to ensure the Victorian Racing Industry operates free from the influence of crime and corruption.

Each session provided information on the background to the office and the powers and functions of the Commissioner.

The sessions also provided an opportunity for attendees to ask questions and hear first-hand the Commissioner's perspectives on integrity in the racing industry. Attendees not only represented racing related organisations such as the racing controlling bodies, but extended to industry participants, racing media, training providers, wagering service providers and the general public.

The places visited during the 2012 roadshow are indicated on the map on page 12.

Training for Stewards and Integrity Investigators

In 2011-12 the Commissioner delivered tailored training programs to 38 participants, including integrity staff from the three codes. The competency-based training forums consisted of two modules – *Module One: The Essentials of Investigation* and *Module Two: The Collection and Presentation of Evidence*.

Module One, held in November 2011, included presentations by senior Victoria Police detectives on topics including the management of human source information and complex investigations. These sessions were complemented by discussions on integrity approaches to racing operations across Australia, by a panel including the Director of Racing from Racing Services Tasmania and the Integrity Operations Director from Racing Queensland.

Feedback from the 21 participants who attended this module indicated that the course was a great success, with 87 per cent of responses rating all aspects of the course as either excellent or very good.

Module Two: The Collection and Presentation of Evidence was conducted in March 2012 with 17 participants. This module focused on aspects of statement taking; preparation of briefs for legal proceedings; presentation of evidence; and advocacy. 'Moot' racing appeals hearings were also held, which provided the participants with some challenging and practical hands-on skills.

Since the Commissioner's inception of the formalised training, 84 participants have attended the training modules. Modules One and Two will be conducted again during 2012-13, as well as two new modules providing training on the rules of racing, drug control, integrity in sport and various aspects relating to vocational skills.

"An extremely valuable day not only from all presentations but the opportunity to get together with like minded professionals, highly recommend and commend the program organisation and content."

Investigation, Audit and Review

Own Motion Inquiry

On 20 June 2012, the Commissioner's *Report on Own Motion Inquiry into Betting Activities of Racing Officials Employed by the Victorian Racing Industry*, was tabled in Parliament by the Minister for Racing.

The report outlined the findings of an own motion investigation conducted by the Commissioner pursuant to section 37B(1)(g) of the Racing Act into the betting activities of officials employed by the three controlling bodies to perform integrity related roles.

The own motion was launched following information received by the Commissioner that officials at GRV were betting contrary to the policies and rules governing their employment.

The investigation examined 165 employees across the three racing codes. It included an analysis of information from wagering service providers, and personal interest declarations and betting account information provided by the employees.

Officials employed by the three codes in integrity related positions are bound by various policies and rules regarding their betting activities, and restrictions vary across the codes. For example some officials are totally prohibited from betting, while others are prohibited only when on duty. As part of these policies that govern integrity employees, each year employees submit declarations detailing betting accounts and personal interests.

Employees whose duties affect the nomination, selection, acceptance, grading, handicapping, running, management and stewardship of a race were all examined as part of this investigation.

The preliminary analysis identified 18 potential policy or rule breaches, of which 13 were confirmed after subsequent enquiries with the three codes. Of the 13, four were employees of HRV and nine were employees of GRV. No policy or rule breaches were detected at RVL.

The outcome of the HRV investigation was a termination of one employee and three employees receiving first and final warnings.

The GRV investigation resulted in one employee resigning, four employees being terminated and four receiving first and final warnings.

Following the Own Motion Inquiry, additional information identified further potential betting policy or rule breaches by two other GRV employees, which resulted in one employee being terminated and the other receiving a first and final warning.

As a result of the investigation, a number of reforms were introduced by the codes to strengthen integrity practices and structures. These included enhancing the operations of the Integrity Sub-Committee; improvements to private interests and betting account declarations; introduction of more stringent betting policies; and the implementation of a responsible gambling program. This work is further complemented by the development of a Single Code of Practice for racing officials employed in the Victorian Racing Industry.

A full copy of the Own Motion Report can be downloaded from
www.racingintegrity.vic.gov.au

The preliminary analysis identified 18 potential policy or rule breaches, of which 13 were confirmed after subsequent enquiries with the three codes.

Audit

Section 37B(1)(a) of the Racing Act prescribes that the Racing Integrity Commissioner is to conduct annual audits of the internal integrity processes and systems, in whole or in part, of each controlling body in areas identified by the Commissioner, or by the Commissioner in consultation with each controlling body.

During the 2011-12 period, the Commissioner produced findings and made recommendations arising from the results of the 2010-11 inaugural audit, which reviewed the integrity processes and systems of each controlling body as well as assessed the implementation of recommendations made by Judge Gordon Lewis in the 2008 *Report on Integrity Assurance in the Victorian Racing Industry* (the Lewis Report).

The 2011-12 audit also reviewed the drug sampling processes and the barrier and box redraws of the controlling bodies.

Annual Audit 2010-11

In the 2011-12 period, the final phase of the 2010-11 annual audit was completed. The 2010-11 audit was the first audit undertaken by the Commissioner following his appointment in 2010 and involved a high level review of all the integrity processes and systems in place at each controlling body.

The audit scope was to:

- identify the existing integrity systems and processes of each controlling body; and
- audit and review specific integrity processes and systems as identified for implementation by the Lewis Report.

The results of Phase 1 of the audit completed in the 2010-11 period showed that the three controlling bodies were in close alignment with the features of the 'better practice' model used for assessment during the audit of integrity systems and processes; and that the majority of integrity processes and systems implemented by controlling bodies following the Lewis Report were assessed as compliant.

Phase 1 also identified a number of areas requiring additional review, including gaps in the better practice analysis and gaps in the implementation of the Lewis recommendations.

Phase 2 of the audit was completed in the 2011-12 period and involved the following focus areas:

- review and further analysis of the implementation process, focusing on processes and systems that were assessed as not fully compliant with the better practice model and Lewis recommendations;
- mapping of acceptance, grading/rating, field selection and barrier/box draw systems and procedures;
- mapping of the swabbing and drug testing procedures within each code, identifying system weaknesses;
- assessment of compliance within each of the controlling bodies on completion of process mapping; and
- review and analysis of complaint handling systems.

A total of 198 features of the better practice model were assessed across the three controlling bodies (67 each at RVL and HRV, and 64 at GRV). Further recommendations identified in the Lewis Report were also the subject of this audit (22 at RVL, 15 at HRV and 15 at GRV).

The category areas assessed under the better practice analysis and implementation of Lewis Report recommendations included:

- overall stewardship and associated investigations
- race-day operations
- betting compliance and regulation
- veterinary services
- drug control
- licensing and regulation.

Throughout the audit, both in Phase 1 and Phase 2, substantial effort was made by each of the controlling bodies in improving internal integrity practices. The audit findings resulted in only three recommendations made by the Commissioner to achieve full compliance at each controlling body.

Making a Difference

Over the 2011-12 period, the Office of the Racing Integrity Commissioner achieved the following:

Met with

728

stakeholders from

223

organisations

Conducted

a public survey about awareness and attitudes to integrity in racing

Conducted

a review of the racing appeals and disciplinary processes across the three codes

Delivered presentations at

9 regional
2 metro
venues

and met with industry participants and the general public throughout Victoria



Made

6

formal recommendations to the controlling bodies

Trained

38

participants (including stewards and integrity investigators) in conducting investigations, evidence collection and statement taking

**Received, assessed
and responded to****81**information reports
and complaints

Led a review of**3,500**rules of racing
to develop common
rules across the codes

Surveyedstakeholders to assess
how the office is meeting
their expectations**Conducted**audits of the racing
codes in relation to the
implementation of
the Lewis Report
recommendations;
review of integrity
processes and systems;
drug control processes;
and barrier/box redraws

Introduceda Single Code of Practice
across the three racing
codes, establishing industry
benchmarks for managing
integrity issues**Conducted**first Own Motion Inquiry into
betting by racing officials**Enhanced**relationships with key bodies,
introducing Memoranda
of Understanding, Deeds of
Agreement and legislative
change to enable exchanges
of information**Achieved**an amendment to the
Gambling Regulation Act
2003 enabling suspension of
bookmakers following laying
of criminal chargesSALE

Gave presentations on racing integrity to**35**apprentice jockeys,
over three apprentice
jockey training
courses**297**Victoria Police
detectives,
over six courses**26**stewards
at Cert. IV stewards
training program at
Ballarat University

The strong audit results for each of the codes show that sound integrity practices are in place at each controlling body. The vast number of improvements implemented during the two-phased audit program demonstrated the commitment and dedication of the three controlling bodies to ongoing and continued improvement of integrity practices

Annual Audit 2011-12

In the 2011-12 period, the first full compliance audit was conducted into the controlling bodies' drug sampling policies and procedures, and redraws of box and barrier selections.

Drug control:

- detailed analysis of drug sampling processes aimed at determining whether the controlling bodies comply with their own policies
- review of drugs tested for, with a view to determining appropriateness of the sampling for those drugs.

Barrier and box redraws:

- audit of the process of redraws, including the underlying reasons behind barrier and box redraws, with a view to determining whether the controlling bodies comply with their own processes.

Audit methodology included identifying and assessing policies and processes for both drug sampling and barrier and box redraws, and gathering sample sets of data to analyse and assess for compliance against each controlling body's procedures.

At the time of writing, interim findings of the audit indicate a high level of compliance against drug sampling procedures and relatively high compliance with barrier/box draw procedures. Following the finalisation of the analysis and production of audit findings across the three controlling bodies, a review of cross-code industry drug control procedures will be undertaken and consideration given to further improve industry drug control practices.

Audit Recommendations 2010-11

Controlling Body	Recommendations Made at Audit End
RVL 89 audit areas	<p>One recommendation made That RVL reconsider their position that the Chairman of the Board also be the Integrity Sub-Committee Chair.</p> <p>Status This recommendation has been accepted by RVL and is currently being transitioned to compliant.</p>
HRV 82 audit areas	<p>One recommendation made That HRV adopt a dual reporting arrangement for the Integrity Manager and Chairman of Stewards, continuing to report to the CEO but with dual reporting to the Integrity Sub-Committee, including mandatory attendance at Integrity Sub-Committee meetings.</p> <p>Status Pending a response from HRV.</p>
GRV 79 audit areas	<p>One recommendation made That GRV undertake to commence and continue effective monitoring of bookmaker activities.</p> <p>Status This recommendation has been implemented by GRV.</p>

The vast number of improvements implemented during the two-phased audit program demonstrated the commitment and dedication of the three controlling bodies to ongoing and continued improvement of integrity practices.

Declarations of Private Interests and Betting Account Registers

In addition to the conduct of an annual audit, the Commissioner has an oversight role in annually reviewing the declarations of private interests and betting account registers of directors, senior managers and integrity staff of the three controlling bodies. The management of conflicts of interest, as well as the transparency of betting account information, is an important aspect of upholding integrity in the Victorian Racing Industry.

The review of the declarations of private interests and betting account registers for each of the codes was finalised in August 2011. As this was the first review of its kind conducted since the appointment of the Commissioner, it identified a number of areas for improvement. These included non-submission of forms by some integrity personnel; a lack of attention to detail when providing information; instances of non-specific information regarding animal ownership by racing staff and family members; and lack of proper process to manage declared conflicts of interest. In addition, it was identified that each of the codes' declaration forms differed greatly in both content and design.

While some initial areas for improvements were identified and discussed with the controlling bodies, reforms to the declarations process and modifications to the forms are being addressed in the Single Code of Practice, which is described later in this report.

Review of (Integrity) Rules of Racing

In 2012 the Commissioner established a working party, including the Chairman of Stewards from each code, to review the rules of racing across the three codes and identify whether they could be more closely aligned.

The establishment of the Rules of Racing Working Party was Phase 2 of this project, following the first phase conducted by the office in the previous year that identified and analysed the rules across the codes. This analysis of over 3,500 rules of racing of the three codes identified which of the rules were integrity related and any similarities or differences in the rules of the codes.

The working party reviewed the analysis conducted during Phase 1 to ascertain if the rules of each code could be amended to reflect a common approach to integrity issues.

The working party first considered the integrity related rules that made up approximately 40 per cent of all of the rules, looking at each of the rules to see if rules from one or more of the codes could be adopted by another code.

After also considering the non-integrity related rules, a total of 31 issues were identified by the working party as meriting further discussion with a view to implementation.

These proposed rule changes will be addressed at national level with each Chairman undertaking to take the proposals to their National Chairmen of Stewards meetings for discussion and endorsement.

Review of Racing Appeals and Disciplinary Processes

In 2012 the office completed its review of the current racing appeals and disciplinary board processes. The review considered the effectiveness of the new model introduced in 2010 which created a RADB for HRV and GRV, based on the existing RVL RADB model, together with a new appeal process for all three codes available through the Victorian Civil and Administrative Tribunal (VCAT).

The review originally commenced in 2011, following a full year of operation of the new model. However, given the relatively short timeframe the new structure had been in place and the need for additional detailed data, the review was extended into a two year review. The extended review also afforded an opportunity to undertake a comparison analysis for each of the two years.

The methodology for the review included a comprehensive statistical analysis of the serious offence matters and appeals heard by the three RADBs from 2010 to 2012 and appeals heard by VCAT for the same period. The cost, duration, decisions and panel compositions were analysed as well as numbers of pleas and level of representation at hearings.

A consultation process that sought views of stakeholders, individuals and organisations received 13 submissions. These included a submission coordinated by RVL on behalf of the Victorian Racing Industry.

The results and recommendations from the review will be provided to the Minister for Racing and stakeholders.

Racing Analytical Services Limited (RASL) Funding

In the 2011-12 period, the Commissioner continued to actively oversee the funding arrangements for RASL relating to financial contributions for operational drug testing by the three controlling bodies – RVL, HRV and GRV.

As RASL is a dedicated racing laboratory for the Victorian Racing Industry, the ongoing monitoring of funding arrangements is an integral role of the Commissioner, ensuring that the commitments by the three controlling bodies are maintained and support the viability of RASL operations.

In the 2011-12 period, equipment and research funding arrangements for RASL were successfully negotiated between RASL and the controlling bodies, with no further action required by the Commissioner.

The Commissioner had previously brokered the arrangements for operational testing funding contributions by the controlling bodies to RASL for the 2010-12 period. The 2011-12 payment component of this previously agreed funding was provided by RVL and GRV. HRV advised that it would be reducing its 2011-12 commitment by 15.8 per cent. In response to this, the Commissioner undertook an analysis of the drug testing commitment of HRV, which identified two concerns:

- that a decrease in operational drug testing proposed a risk to the efficacy of HRV's drug testing program; and
- that HRV had retracted funding previously committed to RASL in March 2010.

The Commissioner made a formal recommendation to HRV pursuant to section 37B(1)(h)(ii) of the Racing Act that HRV honour the operational testing funding to RASL as previously committed to in 2010.

The Minister for Racing supported the views and recommendations of the Commissioner.

Unlicensed Persons

The Commissioner continues to maintain an oversight role of the issues affecting the integrity of the Victorian Racing Industry. One of these issues is the involvement of unlicensed persons.

For example, commission agents are not licensed or registered by either the racing controlling bodies or the regulator, the VCGLR. At present, there are instances of commission agents operating within the racing industry, free from control by racing or government regulators.

After detailed examination of potential regulatory responses, the Australian Racing Board concluded that commission agents are acting as illegal bookmakers. That advice was accepted by the Australasian Racing Ministers Conference. To address this issue, the Commissioner is working with Victoria Police to determine appropriate criminal offence provisions.

Single Code of Practice

The work of the Commissioner has highlighted the need for development of a set of minimum integrity standards applicable to each of the three codes.

In 2012, the Commissioner initiated the development of a Single Code of Practice for the Victorian Racing Industry. In particular, arising from the 2012 Own Motion Inquiry into betting activities by racing officials, there was a need to establish a common set of minimum standards of integrity for officials in the industry. The annual audits, together with research into integrity standards of other sports, identified a number of subject areas requiring attention.

To develop these standards for racing industry officials, the office engaged with the controlling bodies to establish, compile and improve existing policies, including conflict of interest management, acceptable betting practices, staff vetting and integrity protocols. This work forms the first component of the Single Code of Practice – *Part A: Integrity Standards (Racing Industry Officials)*. Cross-code workshops have been held to develop these standards and a final draft is due for implementation by the controlling bodies in the coming months.

The second component of the Single Code of Practice is *Part B: Integrity Standards (Racing Industry Participants)*, which provides the minimum standards for betting practices, conflict of interest management and integrity protocols for specified participants in the racing industry who are not covered by Part A of the Single Code of Practice (for example, jockeys and harness drivers). Draft standards have been developed and work with the controlling bodies will continue early in the 2012-13 cycle to enable implementation.

The development of the Single Code of Practice as a guide to integrity in the racing industry will also address other aspects of racing, such as drug control and stewards' training.

Information and Intelligence Management

A customised Case Management System is used by the office to record and manage all enquiries, investigations, information and complaints.

Information Reports

Information from a variety of sources is received by the office regarding racing matters. This information is collected and analysed in the Case Management System to assist in identifying systemic issues in racing.

During 2011-12, the office received 63 information reports. Of these, 47 per cent involved RVL, 32 per cent involved GRV and 16 per cent involved HRV. The remaining five per cent were not code specific.

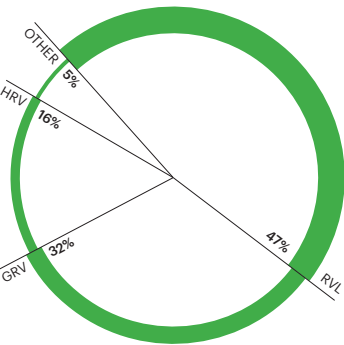
Over 50 per cent of these information reports were received overtly (that is, not anonymously). However, 24 per cent of people providing information sought to have their identity protected.

The majority of these reports were provided for information only, eight reports are still under investigation and 25 per cent of the information reports were referred to a controlling body or other agency for information or investigation.

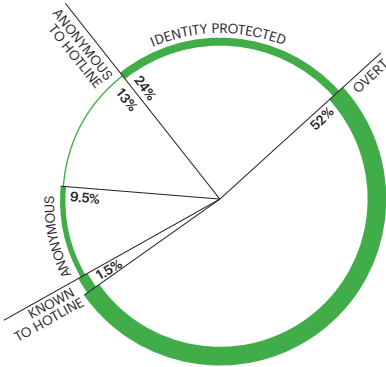
The information report themes ranged from conflicts of interest, allegations of betting scams, associations between known criminals and the racing industry, and administration of performance enhancing drugs.

Outcome of Information Reports 2011-12	Total	%
Unsubstantiated	15	24
Information only	23	36.5
Requested information failed to be provided	1	1.5
Refer to controlling body or government agency for information/investigation	16	25
Active	8	13
Total	63	100

Information Reports by Code 2011-12



Information Reports Overt/Covert 2011-12



Enquiries

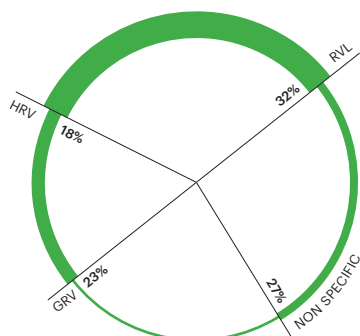
During 2011-12 the office received 56 enquiries, the majority being from members of the public. Enquiries were made about a number of issues including details on how to lodge an appeal with a RADB; how to make a complaint about a racing issue or a racing club; and disputes about ownership of thoroughbreds and greyhounds.

Complaints

During 2011-12 the office received 18 complaints about a range of issues, from licensing and nominations to allegations of corruption in racing stables. Another complaint was also carried over from the previous year.

Two of the complaints remain under investigation, one resulted in an audit and five were unsubstantiated. The remaining complaints were not integrity related or further qualifying information requested was not provided. None of the complaints received were made anonymously.

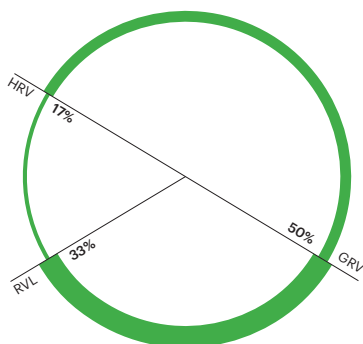
Enquiries by Code 2011-12



Outcome of Complaints (including complaints carried over from previous period)

	Total	%
Not integrity related	8	42
Unsubstantiated	5	26
Requested information failed to be provided	3	16
Resulted in audit/review	1	5
Remain under investigation	2	11
Total	19	100

Complaints Investigated by Code 2011-12



Racing Integrity Hotline

1300 227 225

Launched in July 2010, the Racing Integrity Hotline continued to operate throughout 2011-12. It provides an independent, confidential and impartial disclosure management service that allows individuals to report integrity issues anonymously.

The hotline is staffed by a team of independent specialists, who receive information from members of the public and the racing industry in the strictest of confidence.

During the 2011-12 period, the hotline received 11 integrity related reports and nine non-integrity related reports. All reports were referred to the office and individually assessed and each of the 11 integrity related reports were investigated by the Commissioner. Of the 11 integrity related reports, eight were anonymous.

Case Study

Anonymous information received from the Racing Integrity Hotline.

Anonymous information received from the Racing Integrity Hotline in January 2012 alleged a racing official, while employed in an oversight role at a country race meeting, was also the trainer of an animal in one of the races they were officiating in.

Apart from a potential breach of racing rules or policies, this raised a potential conflict of interest. Following preliminary inquiries, the relevant racing controlling body was engaged and as a result of their investigations, confirmed the official had breached both a rule of racing and a pecuniary interest policy of that code, for which the official received a formal counselling.

Part B About the Office

The office operates from 121 Exhibition Street, Melbourne. The Commissioner is an independent statutory office holder appointed by the Governor in Council and reports to Parliament through the Minister for Racing.

Governance and Organisational Structure

Four full time employees and one part time employee are employed under Part 3 of the *Public Administration Act 2004* to enable the Commissioner to perform his functions and exercise his powers under the Racing Act. Specialist contracted resources are also engaged as required.

As the office is administratively supported by the Department of Justice, detailed reporting relating to financial performance, governance and organisation, workforce data and other disclosures is contained within the annual report of the Department of Justice.

Finances

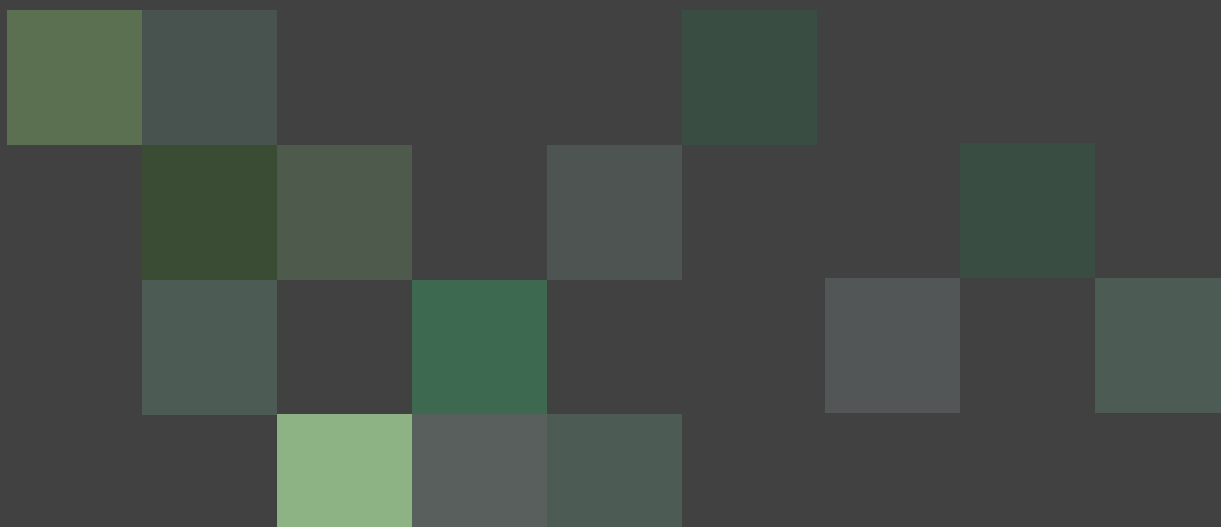
The office is an independent statutory office funded through the Department of Justice under the State Budget.

Risk Management

The Commissioner maintains a Risk Management Policy that meets Victorian Government requirements. The operations of the office take a risk management approach, which was adopted following an enterprise wide risk assessment and development of a risk register. This risk assessment uses methodology based on International Risk Management Standard ISO 31000:2009 and will be reviewed every two years.

Freedom of Information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the office. For the period ending 30 June 2012, no Freedom of Information applications were received.



Making a request

Access to documents may be obtained by making a written request to the Freedom of Information Manager, as provided by section 17 of the Freedom of Information Act. In summary, the requirements for making a request are:

- it should be in writing;
- it should identify as clearly as possible which document is being requested; and
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for information in the possession of the office should be addressed to:

Freedom of Information Manager

Office of the Racing Integrity Commissioner
PO Box 24034, Bourke Street
Melbourne VIC 3001

Requests can also be lodged online at www.foi.vic.gov.au.

Access charges may also apply once documents have been processed and a decision on access is made, for example photocopying and search and retrieval charges.

Further information regarding Freedom of Information may be found at www.foi.vic.gov.au.

Compliance with the Whistleblowers Protection Act

The *Whistleblowers Protection Act 2001* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken. The Commissioner is a public officer under the Whistleblowers Protection Act.

Reporting procedures

Disclosures of improper conduct or detrimental action by the Commissioner or his employees may be made directly to the Ombudsman.

Ombudsman Victoria

Level 9, 459 Collins Street (North Tower)
Melbourne VIC 3000
telephone 03 9613 6222
toll free 1800 806 314
website www.ombudsman.vic.gov.au
email ombudvic@ombudsman.vic.gov.au

Alternatively, disclosure of improper conduct or detrimental action by employees of the office may also be made to the Protected Disclosure Coordinator of the Department of Justice.

Mr Jonathan Kaplan

Director, Executive Services
Department of Justice
Level 24, 121 Exhibition Street
Melbourne VIC 3000
telephone 03 8684 0090
email jonathan.kaplan@justice.vic.gov.au

Part C

Report on Operations

Work undertaken in the past year can be reported against the powers and functions prescribed in the Racing Act. The following overview represents the activities undertaken and supporting data against sections of the Act.

Section 37B of Racing Act

- 1a** Conduct annual audits of integrity processes and systems, in whole or in part, of each controlling body in areas identified —
- i by the Racing Integrity Commissioner; or
 - ii by the Racing Integrity Commissioner in consultation with each controlling body.

One audit was conducted in the period. Findings from the previous audit were also made.

- 1b** Conduct audits outside the subject matter of the annual audit if a controlling body requests that such an audit be conducted.
- No requests from the controlling bodies to conduct an audit were received.

- 1c** Investigate complaints made about the integrity processes and systems of a controlling body.
- The office investigated 18 complaints received relating to the integrity processes and systems of the three controlling bodies. Of these, 33 per cent involved RVL, 50 per cent involved GRV and 17 per cent involved HRV.
- The office also received 63 information reports relating to racing matters. Of these, 47 per cent involved RVL, 32 per cent involved GRV and 16 per cent involved HRV. The other five per cent were not code specific.*

- 1d** Refer complaints to controlling bodies or other government agencies.
- No complaints were referred to a controlling body or other government agency for investigation during the reporting period.
- The office referred 16 information reports to a controlling body or government agencies for investigation.*

- 1e** Investigate matters referred by the Minister or a controlling body.
- The office received one referral from the Minister and this matter was investigated. During the reporting period, no referrals were received from the controlling bodies.

- 1f** Report the findings of any investigations conducted into complaints that have not been referred to other bodies to —
- i** the person that made the complaint; and
 - ii** with or without identifying the person who made the complaint or the person that is the subject of the complaint, the Minister or the relevant controlling body (as the Racing Integrity Commissioner considers appropriate).

Of the 18 complaints received, complainants were advised of findings in 13 of those cases. Two are ongoing and three were contacted for further information, but none was received.

In two of these cases, the relevant controlling body was also notified of the outcome. (Controlling bodies are not necessarily advised of findings in cases where the complaints are found not to be integrity related, proven to be unsubstantiated or where the controlling body was involved in the investigation with the Commissioner.)

- 1g** Conduct own motion inquiries that do not relate to any specific complaint and may include an investigation into systemic issues in racing.

The own motion investigation into betting by racing officials was conducted and the report on this investigation was tabled in Parliament in June 2012. Further details about this investigation are contained elsewhere in this report.

- 1h** Make recommendations (if appropriate) following the investigation of any complaint, inquiry or matter to (as the Racing Integrity Commissioner considers appropriate) —

- i** the Minister; or
- ii** the relevant controlling body.

The Commissioner did not make any recommendations to the Minister during the reporting period.

Six recommendations were made by the Commissioner to the controlling bodies.

Greyhound Racing Victoria

1. That GRV implement a process whereby wagering service provider checks are conducted on all GRV employees on a bi-annual basis to ensure compliance with the relevant policy and rules.
2. That the GRV Integrity Sub-Committee endorse the result of these checks and a report be forwarded to the Commissioner with the results.

Response

GRV advised they will comply with the requirement to conduct bi-annual wagering service provider checks, which are to be endorsed by the Integrity Sub-Committee prior to forwarding to the Commissioner.

3. That GRV commence and continue effective monitoring of bookmaker activities.

Response

GRV advised that this recommendation has been implemented.

Harness Racing Victoria

4. That HRV honour their commitment to fund RASL's operational testing for the 2011-12 period to previously agreed levels.

Response

HRV advised they did not intend to implement this recommendation.

5. That HRV adopt a dual reporting arrangement for the Integrity Manager and Chairman of Stewards, continuing to report to the CEO but with dual reporting to the Integrity Sub-Committee, including mandatory attendance at Integrity Sub-Committee meetings.

Response

This recommendation is pending a response.

Racing Victoria Limited

6. That RVL reconsider their position that the Chairman of the Board also be the Integrity Sub-Committee Chair.

Response

RVL advised that this recommendation is currently being transitioned to compliant.

1i Direct a Racing Appeals and Disciplinary Board to hear and determine an appeal made by a person against a penalty imposed on the person under the rules of a controlling body if —

- i** the penalty imposed is a fine of not more than \$250; and
- ii** the Racing Integrity Commissioner considers that it is in the public interest for the appeal to be heard.

Three applications for a RADB to be directed were received during the period. One application was received outside the legislated time for lodgement, leaving two for the Commissioner to consider.

These two applications were not deemed to be in the public interest by the Commissioner:

- One application was made on the grounds the stewards failed to give due consideration to an explanation and as a result imposed a \$200 fine. The Commissioner considered the stewards' report and jockey's incident report and found the stewards' decision justified.
- Another application was made on the grounds the \$250 fine received was excessive. The Commissioner considered the complainant's case and the controlling body's information regarding the circumstances and found the fine to be consistent.

2 The Racing Integrity Commissioner may advise the Minister of any failure by a controlling body to implement or act on a recommendation made by the Racing Integrity Commissioner to that controlling body under subsection [1h] if —

The Commissioner advised the Minister of the failure by HRV to implement or act on a recommendation regarding the commitment of HRV to fund RASL's operational testing for the previously agreed amount.

a before advising the Minister, the Racing Integrity Commissioner notifies the controlling body of the Commissioner's intention to advise the Minister of the failure by the controlling body to implement or act on the recommendation.

HRV was notified of the Commissioner's intention to advise the Minister that HRV had failed to implement a recommendation.

b the Racing Integrity Commissioner advises the controlling body that the controlling body may, within 14 days of receiving the notification made under paragraph [a], respond in writing to the Commissioner in respect of that notification.

HRV was advised as per above.

3 The Racing Integrity Commissioner must provide the Minister with any written response made by the controlling body under subsection [2b].

HRV's response to this notification was provided to the Minister.

Section 37E of the Racing Act 1958 — Disclosure of Information

The Racing Integrity Commissioner may disclose integrity related information, as appropriate, to the Minister, controlling bodies and other authorised bodies.

The Commissioner made 36 disclosures of integrity related information to a range of bodies and agencies during the 2011-12 period.

Disclosure of Information	Total
Controlling bodies	27
Law enforcement agencies	5
State and Commonwealth Government agencies	4
	36



Office of the
Racing Integrity
Commissioner

121 Exhibition Street
Melbourne Victoria 3000

T 03 8684 7776
F 03 8684 7778

www.racingintegrity.vic.gov.au